

Message Text

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70

ACTION NEA-10

INFO OCT-01 ISO-00 COME-00 EB-07 L-03 DOTE-00 AID-05

CIAE-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00

PA-01 PRS-01 /058 W

----- 038354

R 271156Z FEB 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4305

LIMITED OFFICIAL USE NEW DELHI 2994

EO 11652: NA

TAGS: BEXP, IN

SUBJ: PROPOSED SALE OF US LOCOMOTIVE ENGINES: ALCO

REF: STATE 028394; NEW DELHI 1738

1. THE INDIAN RAILWAY BOARD INFORMS US THAT IT HAS DECIDED TO ASK BOTH ODC AND THE MLW TO EXTEND THE VALIDITY OF THEIR BIDS UNTIL MARCH 31. THE COMPANIES ARE BEING NOTIFIED BY THE BOARD.
 2. THE EXACT REASON FOR THE EXTENSION IS UNCLEAR. WE UNDERSTAND THAT THERE IS SENTIMENT ON THE BOARD FOR DOMESTIC MANUFACTURE OF MUCH OF THE REQUIREMENT AT THE DLW IN VARANASI. THE IRB ALSO DOES NOT HAVE THE ALLOCATION IN THE IFY 1975-76 BUDGET TO MOVE AHEAD WITH THE PROJECT AND WE DILL NOT KNOW WHETHER THE APPRO- PRIATNGN IS IN THE NEXT YEAR'S BUDGET UNTIL MID-MARCH.
 3. IN BALANCE, WE TEND TO THINK THAT THE DELAY FAVORS THE AMERICAN FIRM. OUR READING IS THAT THE AWARD WOULD HAVE BEEN MADE TO MLW BECAUSE IT ORIGINALLY SUBMITTED THE LOWER PRICE AND SUBSEQUENTLY INDICATED IT COULD
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SPEED UP DELIVERY. DOUBTS ON THE BOARD ABOUT MLW'S

MANUFACTURING CAPABILITY AND SOME UNCERTAINTY AS TO WHETHER THEY COULD IN FACT DELIVER COUPLED WITH ODC'S SUBSEQUENT LOWERING OF THEIR PRICE SEEM TO HAVE INJECTED UNCERTAINTY INTO THE BOARD'S DELIBERATIONS SO THAT NO UNANIMOUS DECISION COULD BE REACHED.

4. A TEAM OF RAILWAY BOARD EXPERTS IS EXPECTED TO REVIEW THE SITUATION WITH PARTICULAR REFERENCE TO THE DOMESTIC MANUFACTURING CAPABILITY AND IS EXPECTED TO REPORT TO THE FULL BOARD IN TWO WEEKS.
SAXBE

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